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**IRS GETS ITS MAN: FORMER LEGISLATIVE AIDE, FUGITIVE FOR THREE YEARS, IS ARRESTED AFTER BEING DEPORTED FROM MEXICO**

SACRAMENTO--United States Attorney John K. Vincent announced today that LLOYD WINBURN, 74, who was convicted of two counts of conspiracy to defraud the Internal Revenue Service in 1998, was arrested today at Los Angeles International Airport after being deported from Mexico. WINBURN, a former legislative aide to a State Senator in Sacramento, and later a Congressional aide in Washington, D.C., absconded on August 9, 1998, during the final days of a lengthy tax fraud trial in U.S. District Court in Sacramento. Trial continued in his absence, and he was convicted on two counts of conspiracy. WINBURN was later sentenced in absentia to five years in prison. WINBURN's three co-defendants in the trial were all convicted and are currently serving prison sentences.

On August 10, 1998, shortly after he absconded, U.S. District Court Judge Garland E. Burrell issued a warrant for WINBURN's arrest. The U.S. Attorney's Office, with the assistance of the IRS and FBI, had been attempting to locate and arrest WINBURN since that time. It was recently learned that WINBURN had been living in Guadalajara, Mexico. When his temporary residency permit in Mexico expired, Mexican authorities, acting at the request of the U.S. Department of Justice, deported him to the United States. FBI agents accompanied WINBURN on the flight from Mexico. At LAX, he was arrested by special agents with the Criminal Investigations section of the IRS.

WINBURN is expected to appear today before a U.S. Magistrate Judge in Los Angeles. It is anticipated that WINBURN will be ordered transported to Sacramento for an appearance before Judge Burrell. Because WINBURN has already been sentenced to five years in prison, it is anticipated that Judge Burrell will order him to commence the service of his sentence. Parole has been abolished in the federal system, and WINBURN will be required to serve at least 85% of the prison time to which he was sentenced.

On June 30, 1999, the Ninth Circuit Court of Appeals dismissed WINBURN's appeal from his conviction and sentence under the fugitive disentitlement doctrine, which holds that fugitives from justice are barred from seeking relief in court when they have fled the jurisdiction of that same court. In addition to his tax fraud conviction, WINBURN faces a \$9 million civil

judgment, which judgment arose out of an unrelated securities fraud suit brought by the U.S. Securities and Exchange Commission in federal district court in Washington, D.C.

Co-defendants RONALD CHAPPELL, formerly a certified public accountant, TODD C. GASKILL, formerly an attorney licensed to practice law in California, and MARTIN L. GOODRICH, all of Roseville, were sentenced to lengthy prison terms as a result of their convictions in the case. According to Assistant U.S. Attorney Benjamin B. Wagner, who prosecuted the case with the assistance of Assistant U.S. Attorney Michael Malecek, the evidence at trial established that defendants CHAPPELL, GASKILL and GOODRICH sold packages of bogus trusts to their clients, and advised the clients on how to use the trusts to generate fraudulent tax deductions. For high-income clients, the evidence showed that the defendants operated a scheme to conceal additional income from the IRS by passing client income through a series of bank accounts in both the United States and various tax haven countries in the Caribbean, and then back to the clients. The off-shore accounts in the Caribbean were controlled by WINBURN, who was then living in the country of Belize, and who advised his co-conspirators on how to hide the money trail. There was evidence at trial indicating that the defendants frequently covered their tracks through the use of cashiers checks to transfer funds of bank accounts that did not bear the names of the defendants or their clients, and by breaking up financial transactions into multiple smaller transactions, and other means.

U.S. Attorney Vincent thanked the IRS and the FBI for their diligence in tracking down WINBURN, and the Mexican authorities for their cooperation in the case. Assistant U.S. Attorney Wagner added, "The arrest of convicted fugitive Lloyd Winburn demonstrates the seriousness with which law enforcement is cracking down on promoters of tax evasion schemes involving bogus trusts. To those who would flee from prosecution for tax evasion, the message is this: we will spare no effort to find you and bring you to justice."

The arrest of WINBURN follows the recent arrest of another fugitive in an IRS case, KAROLYN GROSNIKLE, who was arrested on August 17, 2001, in Washington State. She had been a fugitive for seven months following her indictment in a money laundering case that is now pending in Sacramento. Because the indictment is only an accusation, she is presumed innocent until proven guilty. GROSNIKLE is now in custody in Sacramento, and no trial date in that case has yet been set.

The prosecution of WINBURN was part of a nationwide crackdown by the IRS and the Justice Department on tax evasion schemes involving fraudulent trusts. The convictions in that case were the first in a series of convictions arising out of prosecutions of tax evasion schemes involving abusive and sham trusts in the Eastern District of California. Those prosecutions have brought several convictions and prison terms in recent years. Most recently, in a very similar case, three Northern California doctors, DANIEL BULLOCK, 50, an orthopedic surgeon from Mount Shasta, California; RICHARD D. PFEIFFER, 67, an orthodontist from Yreka, California; and RICHARD SHEARER, 49, an ear, nose and throat specialist from Mt. Shasta, California, each pleaded guilty on October 1, 2001, to one count of defrauding the IRS and one count of filing a false tax return. Sentencing in that case is scheduled for January 7, 2002, before U.S. District Court Judge Frank C. Damrell in Sacramento.

Assistant U.S. Attorney Wagner stated that other investigations into similar tax evasion schemes using bogus trusts are underway. The IRS maintains a web site which contains a warning notice to the public concerning abusive trust programs. The web site address is [www.trea.gov/irs/ci](http://www.trea.gov/irs/ci).